U.S. Department of Transportation

An Overview of State Mass Transit Assistance Programs

Financing and Distribution Mechanisms

November 1987

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SECRETARY'S SELECT COMMITTEE
ON MASS TRANSIT

STAFF REPORT #6

AN OVERVIEW OF STATE MASS TRANSIT ASSISTANCE PROGRAMS: FINANCING AND DISTRIBUTION MECHANISMS

Division of Planning & Budget
Wis. Dept. of Transportation
November, 1987

KEY FINDINGS

1. Wisconsin's support for public transit ranks as follows for various measures of support relative to other states:

   - Total Assistance (approximately $43 million): 11th
   - Aid per capita ($8.91): 10th
   - Aid as a percent of operating cost (37.5%): 4th

2. Thirty states provide some operating assistance for public transit. Wisconsin's operating assistance per metropolitan resident is above the national average of $8.50.

3. Eight states, including Wisconsin, use one or more transportation-related sources of revenue. Wisconsin by far provides the highest level of support from a narrow-based transportation fund. In all, 15 states derive transit funding from general funds, eight from transportation funds and seven from a combination of revenue sources.

4. Twenty states place specific performance, matching or farebox recovery requirements on aid recipients. Of these states, two require a farebox revenue match, 13 require some other local match, four have performance standards and four require a fixed farebox recovery ratio.

Introduction

In FY 1987, thirty states provided a total of approximately $2.5 billion in state operating assistance to public transit. The level of state operating assistance ranges from $75,000 in the state of Montana to $941 million in New York state. This paper provides a basic summary of information about state public transit assistance programs including the level of support, the sources of funding, the allocation methods and distribution requirements for state assistance.

The primary resource for the financial data included in this report was the most recent (August 1987) American Association of State Highway and Transportation Officials (AASHTO) Survey of State Involvement in Public Transportation (draft). Additional data was gathered by means of a survey distributed to all states by the Wisconsin Department of Transportation in August 1987. The survey was intended to identify the various requirements including local match, farebox recovery and performance requirements each state places on state transit aid recipients. The first section of this paper summarizes the financial data and a second section summarizes the distribution requirements.

STATE TRANSIT PROGRAM FUNDING

Table I summarizes the total level of operating assistance, the primary source of revenue, and the state's ranking in terms of total public transit assistance for each state. Based upon this data, the State of Wisconsin ranks 11th in the nation in terms of total state support, behind 8 states which support directed-guideway transit systems such as subways, commuter rail, trolley, etc. If rail transit states are categorized separately, Wisconsin ranks third nationwide in total operating support.

Of the top 15 states providing operating assistance for transit, only three --- Maryland, Connecticut and Wisconsin -- support transit systems exclusively from segregated transportation funds. Of these transportation fund-supported programs, Wisconsin is unique in that it relies solely on the gas tax and vehicle registration fees for its source of revenue. Maryland's transportation fund includes as a major revenue source an automobile titling fee. Connecticut's transportation fund is a broad-based fund comprised of revenues from fuel tax, registration and titling fees, and numerous other special fees. Both Maryland and Connecticut support rail transit systems. Virginia, which provides 75% of its transit assistance funding from a segregated transportation fund, utilizes sales tax revenues and titling fees for transit. Further discussion of the sources of revenue for transit assistance can be found in the next section of this paper.

TABLE I
FUNDING SOURCES FOR STATE TRANSIT
OPERATING ASSISTANCE PROGRAMS, FY1987

RANK	STATE	RAIL TRANSIT	TOTAL STATE OPERATING ASSISTANCE	GENERAL FUND	TRANSPORTATION FUND	OTHER	COMMENT
1	New York	Yes	$941,114,000	24%		76%	Other: Dedicated taxes including: surcharge on corporation tax paid to general fund; surcharge on telephone tax; NYC sales tax; gross receipts tax on oil companies.
2	California	Yes	469,799,822	100%			General sales tax and sales tax on fuel. County local transportation funds derived from 1/4¢ of the 6¢ statewide retail sales tax collections in each county.
3	Pennsylvania	Yes	180,800,000	100%			
4	New Jersey	Yes	163,467,326	100%			
5	Massachusetts	Yes	150,045,999	80%	20%		TF: Fuel tax and cigarette tax.
6	Illinois	Yes	115,300,000	82%		18%	Other-G.O. Bonding. Illinois general fund includes income taxes, sales taxes, public utility taxes, lottery receipts and federal funds.
7	Maryland	Yes	93,408,070		100%		TF: Includes titling fees as major revenue source, equal to 12¢/gal.
8	Washington	No	81,713,000	100%			1% of the motor vehicle excise tax dedicated to transit, matched at local level.
9	Michigan	No	76,548,900	31%	63%	6%	TF: Fuel tax and registration fees; GF: Sales tax on transportation related parts, misc. fees and interest earnings.
10	Connecticut	Yes	64,409,337		100%		TF: Fuel tax, registration fees, special fees.
11	WISCONSIN	No	42,590,149		100%		TF: Fuel tax and registration fees.
12	Virginia	Yes	21,698,578	25%	75%		TF: 50% derived from the state sales tax. Also includes titling and registration fees.

TABLE I (Cont.)

RANK	STATE	RAIL TRANSIT	TOTAL STATE OPERATING ASSISTANCE	GENERAL FUND	TRANSPORTATION FUND	OTHER	COMMENT
13	Ohio	Yes	18,743,000	100%			
14	Minnesota	No	17,816,400	100%			Includes motor vehicle excise tax.
15	Indiana	Yes	15,138,325	100%			Fixed % of state sales tax (.76%)
16	Arizona	No	11,979,752	100%			Lottery proceeds.
17	Rhode Island	No	7,750,000	100%			Fuel tax goes into general fund; 2¢ dedicated to transit.
18	Louisiana	Yes	3,500,000	100%			
19	Delaware	No	3,159,010			100%	Turnpike toll revenue.
20	Oregon	Yes	2,962,000	100%			Includes lottery proceeds.
21	Iowa	No	2,840,535		58%	42%	Motor Vehicle sales/use tax deposited in segregated fund. Other - oil overcharge money. Motor Vehicle Sales Tax in Wisconsin is GPR.
22	Tennessee	No	1,914,104		100%		Fuel tax.
*23	Florida	Yes	1,200,000		100%		Fuel tax.
24	South Carolina	No	1,132,000	100%			
25	Nebraska	No	1,000,000		100%		Fuel tax.
26	West Virginia	No	465,381	100%			
27	Texas	No	435,000	100%			
28	Maine	No	272,651	100%			
29	Vermont	No	126,961		100%		Both fuel and registration fees.
30	Montana	No	75,000		100%		Fuel tax.

Tables II and III illustrate the state rankings by operating assistance per capita using total population and metropolitan area population. Metropolitan area population is defined by the U.S. Census Bureau as the population within a metropolitan statistical area (MSA) which must include one city with 50,000 or more inhabitants. Wisconsin ranks 10th in terms of operating assistance per capita based on total population, following behind eight rail transit states. For operating assistance per metropolitan population, Wisconsin ranks 9th and provides $13.41 per person, immediately following those rail transit states which provide from $58.48 per person (New York) to $18.03 per person (Pennsylvania). The average nationwide is $8.50 per person. Generally, states with a high percent of urbanized population tend to have a high level of state transit assistance and total aid per capita. Wisconsin, however, ranks tenth in terms of total aid per capita, yet 16th in terms of total population and 18th in terms of total metropolitan area population.

Table IV illustrates state rankings by the level of state operating assistance compared to total operating costs. Once again, Wisconsin ranks very high when compared to other states. At 37.5% of operating costs, Wisconsin is a close fourth when compared to the top three states of Connecticut (39.2%), Massachusetts (38.7%), and Washington (37.9%). Wisconsin also ranks favorably in terms of operating assistance as a percent of costs when compared to other Great Lakes states (Table V).

TABLE II

STATE RANKING BY OPERATING ASSISTANCE PER CAPITA, FY1987 (TOTAL POPULATION)

RANK	STATE	OPERATING ASSISTANCE PER CAPITA	RANK BY TOTAL POPULATION, 1985
1	New York	$52.92	2
2	Massachusetts	26.80	12
3	New Jersey	21.61	9
4	Connecticut	20.29	28
5	Maryland	19.97	20
6	Washington	18.53	19
7	California	17.81	1
8	Pennsylvania	15.25	4
*9	Illinois	9.99	5
*10	WISCONSIN	8.91	16
*11	Michigan	8.42	8
12	Rhode Island	8.00	42
13	Delaware	5.07	48
*14	Minnesota	4.24	21
15	Virginia	3.80	13
16	Arizona	3.75	27
*17	Indiana	2.75	14
*18	Ohio	1.74	7
19	Oregon	1.10	30
20	Iowa	.98	29
21	Louisiana	.78	18
22	Nebraska	.62	36
23	Tennessee	.40	17
24	South Carolina	.33	24
25	West Virginia	.24	34
26	Vermont	.23	49
27	Maine	.23	38
28	Florida	.10	6
29	Montana	.09	44
30	Texas	.02	3

* = Great Lake States

TABLE III

RANKING BY OPERATING
ASSISTANCE PER CAPITA, FY1987
(METROPOLITAN POPULATION, 1985)

RANK	STATE	OPERATING ASSISTANCE PER CAPITA	RANK BY TOTAL METRO POPULATION 1985
1	New York	$58.48	2
2	Massachusetts	28.41	10
3	Washington	22.91	15
4	Maryland	22.88	11
5	Connecticut	21.90	21
6	New Jersey	21.61	8
7	California	18.62	1
8	Pennsylvania	18.03	5
*9	WISCONSIN	13.41	18
*10	Illinois	12.15	6
*11	Michigan	10.49	9
12	Rhode Island	8.64	34
13	Delaware	7.64	43
*14	Minnesota	6.50	22
15	Virginia	5.33	12
16	Arizona	4.92	25
*17	Indiana	4.05	14
18	Iowa	2.33	32
*19	Ohio	2.21	7
20	Oregon	1.64	28
21	Nebraska	1.33	38
22	Louisiana	1.13	20
23	Vermont	1.04	50
24	West Virginia	0.65	39
25	Maine	0.64	42
26	Tennessee	0.60	19
27	South Carolina	0.56	26
28	Montana	0.37	46
29	Florida	0.11	4
30	Texas	0.03	3

* = Great Lakes States

TABLE IV

STATE OPERATING ASSISTANCE
AS A PERCENT OF TOTAL ESTIMATED
OPERATING COSTS
FY1987

RANK	STATE	PERCENT OF OPERATING COST
1	Connecticut	39.2%
2	Massachusetts	38.7
3	Washington	37.8
*4	WISCONSIN	37.5
5	Rhode Island	32.7
6	Delaware	32.2
7	New Jersey	31.9
*8	Michigan	31.7
9	California	28.9
10	Arizona	26.6
11	Pennsylvania	24.9
12	New York	21.6
*13	Indiana	20.5
14	Maryland	15.7
*15	Minnesota	15.2
16	Virginia	13.5
*17	Illinois	12.2
18	Maine	9.8
19	Iowa	9.0
*20	Ohio	6.2
21	Nebraska	5.2
22	South Carolina	4.7
23	Louisiana	4.2
24	Tennessee	4.1
25	Vermont	4.1
26	West Virginia	3.2
27	Oregon	3.1
28	Montana	1.5
29	Florida	0.6
30	Texas	0.1

TABLE V
STATE OPERATING ASSISTANCE
AS A PERCENT OF TOTAL ESTIMATED OPERATING COSTS
GREAT LAKES STATES

RANK	STATE	OPERATING COSTS	STATE OPERATING ASSISTANCE	STATE AID AS A PERCENT OF OPERATING COSTS
1	Wisconsin	$114,048,599	$ 42,590,149	37.5%
2	Michigan	241,274,291	76,548,900	31.7
3	Indiana	73,708,987	15,138,325	20.5
4	Minnesota	117,100,000	17,816,400	15.2
5	Illinois	941,750,913	115,300,000	12.2
6	Ohio	297,996,000	18,743,000	6.3

Finally, Table VI shows the total estimated operating budget for public transportation in urbanized areas. The majority of the states provide an average of 20% or more local tax contribution to transit costs. Exceptions include Connecticut (.3%), Delaware (0%), New Jersey (0%), Maine (0%), Pennsylvania (10%), and Wisconsin (12%). Local tax contributions are the highest in Alaska at 81% (Alaska has no state aid program). Of those states which do contribute a substantial amount of state funds to the operating budget (at least 10% of total cost), local contributions range from 43% (Minnesota) to 0% (New Jersey, which has a statewide system). For those states with assistance programs, the average local contribution is 22% and for all states the average is 36%.

In terms of operating revenues (primarily fares paid by riders), the majority of the states indicate a contribution of 19% or more from farebox or other operating revenues. The state of Nevada shows the highest contribution at 67% and the state of Idaho shows the lowest contribution at 11% (neither state has a state operating assistance program). Wisconsin contributes 39% for operating revenue, which is above the national average of 34%.

TABLE VI
PERCENT SHARE OF URBANIZED OPERATING BUDGET
BY SOURCE OF REVENUE, FY1987

STATE	% FAREBOX AND OTHER OPERATING REVENUES	% FEDERAL FUNDS	% STATE AID	% LOCAL AID
Alabama	25	37	0	38
Alaska	14	6	0	81
Arizona	26	17	27	30
Arkansas	25	41	1	33
California	32	9	30	31
Connecticut	54	7	39	.3
Delaware	36	32	32	0
Florida	32	20	1	48
Georgia	34	7	0	59
Idaho	11	44	0	43
Illinois	47	5	12	36
Indiana	31	24	20	25
Iowa	36	19	5	37
Kansas	31	30	0	39
Kentucky	29	36	0	36
Louisiana	43	21	5	31
Maine	43	50	8	0
Maryland	49	5	15	30
Massachusetts	30	6	39	25
Michigan	26	15	31	28
Minnesota	35	8	14	43
Mississippi	29	38	0	33
Missouri	26	17	0	57
Montana	13	30	2	55
Nebraska	33	18	3	46
Nevada	67	1	0	41
New Hampshire	19	35	0	46
New Jersey	58	9	33	0
New Mexico	26	39	1	34
New York	55	3	22	20
North Carolina	38	27	0	36
North Dakota	27	31	0	42
Ohio	28	12	6	54
Oklahoma	19	28	1	52
Oregon	25	6	3	66
Pennsylvania	58	7	25	10
South Dakota	24	33	0	43
Tennessee	41	22	3	34
Texas	42	4	0	55
Utah	15	14	0	70
Vermont	36	24	3	37
Virginia	53	9	14	24
Washington	19	6	38	38
West Virginia	32	26	0	42
Wisconsin	39	12	38	12

STATE OPERATING ASSISTANCE FUNDING SOURCES

In addition to the overall level of state operating assistance, Table I illustrates the sources of transit aid. Of the states that provide some level of assistance (30), 15 states use general funds exclusively, six states utilize narrow-based transportation funds exclusively (fuel tax and registration fees only) and two utilize more broad-based transportation funds (inc. titling fees, motor vehicle excise taxes, etc.). Six states utilize a combination of general purpose revenues and transportation fund revenues. Only Delaware, which owns and operates the Delaware turnpike, finances state transit assistance from tolls. Of the six states which utilize narrow-based transportation fund revenues for transit, Wisconsin is the only state providing substantial support ($43 million per year). The other five states provide aid ranging from $75,000 to $1,000,000 annually.

Many states utilize unique taxing resources to support transit assistance programs. Some states indicate they have no state assistance program but they fund substantial transit services at the local level. For example, the state of Georgia imposes a sales tax which is levied and collected in metropolitan Atlanta and distributed directly to MARTA. The following is a brief description of a selection of unique financing mechanisms used by states with assistance programs.

California

State transit funds are derived from a statewide sales tax, with 70% distributed according to population and 30% based on operator revenues for the prior fiscal year. On the local level, each county has a local transportation fund, with revenues derived from ¼¢ of the 6¢ retail sales tax collected statewide. The amount returned to each county is equal to the amount collected in each county. The funds are allocated to the transportation planning agencies, the four county transportation commissions and to the San Diego Metropolitan Transit Development Board.

Washington

Washington imposes a 2.2% ad valorem tax on the value of each automobile at the time of registration. Municipalities may dedicate 1% of the motor vehicle excise tax revenues for transit, allowing municipalities to retain roughly half of the state excise tax. Municipalities must match this 1% tax from local tax revenues. Most transit districts now use a special sales tax to match state funds.

New York

In addition to general fund revenues for transit operating assistance, New York state utilizes the following dedicated taxes for transit: a 3/4 of 1% gross receipts tax on oil company sales (estimated to raise $50 million in 1987), a corporate franchise tax surcharge ($330 million); a 3/4 of 1% "long lines" tax on the interstate gross earnings of telecommunications business activities carried on within New York state ($67 million); and a ¼% sales tax for the 12-county Metropolitan Transportation Authority (NYC). The city of New York is also allowed to use up to 4% of the city's mortgage recording and transfer tax on commercial properties for the operating needs of the city's franchised private bus operations. In addition, 6% of the tax can be used for paratransit and to the Transportation Authority. The other five regional transportation authorities in New York state may also use the mortgage tax as a direct source of revenue.

Indiana
The source of state assistance for transit in Indiana is a fixed .76% of the state sales tax (approximately $14.8 million). In addition, all local units of government may impose a property tax for transit and counties may impose an income tax for general purposes, including transit.

Maryland
The Transportation Fund is financed by revenues from motor fuel tax and other highway use taxes including a motor vehicle "title" tax and an allocation of approximately 10% of the state corporate income tax.

Summary

Wisconsin provides generous support for its public transit systems, as evidenced in its ranks for various measures of support relative to other states: 11th in terms of total operating assistance, 10th in terms of operating assistance per capita and 4th in terms of total operating assistance as a percent of total operating cost. Thirty states provide some level of financial support for public transit operations. Wisconsin's operating assistance per person is above the nationwide average of $8.50 per capita. Eight states, including Wisconsin, use one or more transportation related sources of revenue. Wisconsin by far provides the highest level of support from its narrow-based transportation fund. In all, 15 states derive transit funding from general funds, eight from transportation funds and seven from a combination of revenue sources.

STATE ASSISTANCE DISTRIBUTION REQUIREMENTS

Table VII reflects the responses to a national survey conducted by the Department in August 1987. Each state was asked to indicate whether state transit aid recipients were required to (1) match state aids with farebox revenues; (2) match state aids with local revenue sources other than farebox revenues; (3) meet certain performance criteria; and (4) maintain a minimum farebox recovery ratio. In addition, each state was asked to indicate whether the distribution of state assistance was directly tied to the distribution of federal transit assistance. Of the 20 states showing specific distribution requirements, two require a farebox revenue match, 13 require some other local match, four have performance requirements and four require a fixed farebox recovery ratio. A brief summary of some of the survey responses is provided below.

1. Farebox Revenue Match.

- In order to receive state transit assistance in California, a transit applicant must maintain a ratio of fare revenues to operating costs which is greater than the ratio it had during 1978-79. That ratio must be greater than 20% if the applicant is in an urbanized area or 10% greater if the applicant is in a non-urbanized area. If the applicant fails to meet the required ratio for a fiscal year, its state funding level will be reduced by the amount of the required revenues that was not maintained. In Indiana, the level of state assistance depends on the farebox revenue plus local taxes. The state will match 100% of all locally generated revenue.

2. Other Local Match Requirements.

- Since 1974, all out-state transit systems and several metropolitan area systems in Minnesota have received state assistance through a fixed share funding formula. The formula sets a fixed local share of each system's total operating cost that must be paid by a locally determined mix of taxes and operating revenues. The remainder of the operating costs are paid by the state, less available federal operating assistance. The current fixed shares are listed below:

System Type	Required Local Share	State Share less Federal Funds
Rural	35%	65%
Small Urban (2,500 - 50,000 pop.)	40%	60%
Urbanized (50,000 - 100,000)	40%	60%
Duluth	55%	45%

TABLE VII
STATE OPERATING ASSISTANCE DISTRIBUTION
REQUIREMENTS

State	Farebox Match Req'd.	Other Local Revenue(1) Match Req'd.	Performance Standards Required	Farebox Recovery Ratio Req'd.	Aids Tied to Federal Funds
California	X		X	X	
Connecticut		X			
Florida		X			
Illinois		X	X	X	
Indiana	X	X	X		
Maine					X
Maryland		X		X	X
Massachusetts		X			
Michigan					
Minnesota		X			X
Nebraska					X
New York		X			
North Carolina					X
Ohio			X(2)		X
Oregon		X			
Rhode Island					X
Tennessee		X		X	
Virginia		X			
Washington		X			
West Virginia		X			X
TOTALS:	2	13	4	4	8

NUMBER OF STATES WITH REQUIREMENTS: 20 OUT OF 30 STATES

(1) Includes local sales tax, property tax, etc.

(2) Effective January 1, 1988

- Rural and small urban area operating assistance in Maryland is available to supplement the net operating deficit (the difference between operating revenues, including farebox revenues, and operating expenses. For rural areas, the combined federal and state assistance covers 75% of this deficit and the local revenues must cover the remaining 25%. For small urban systems, state funds provide up to 50% of the non-federal operating deficit and local funds must be provided to cover the remaining share.

- In Illinois, only the Northeastern Illinois Regional Transportation Authority (RTA) and the Bi-State Metropolitan Development District (which serves three Illinois counties within the St. Louis Metropolitan area) are subject to a local match requirement. The RTA receives state operating assistance in an amount equal to 25% of the sales tax imposed by the RTA in the six county Chicago area. State assistance is contingent upon a total contribution of $5 million from the city of Chicago and Cook County. The Bi-State Agency receives up to 2/32 of the sales tax generated within the three Illinois counties included in its service area. For urban areas in Illinois other than Chicago and East St. Louis, state operating assistance equal to 1/32 of the sales tax is guaranteed, while the additional 1/32 is contingent upon the county's contributing an amount equal to .05% of the assessed value of all property in their jurisdiction to Bi-State. No specific match is required of the remaining 13 aid recipients.

- As discussed above, Washington requires a dollar for dollar match from locally-generated tax revenues up to the amount generated by the 1% motor vehicle excise tax collected in that political jurisdiction. The state general fund portion of New York's assistance program (about 20% of the total state appropriations) requires an equal local match. In the state of Virginia, state transit assistance is provided as categorical grants, each requiring a specific level of local match (ie. local revenue must cover 50% of all transit system administrative expenses).

3. Performance Standards.

- Surprisingly few states require specific performance standards as a condition of receiving state transit assistance. Based on the Department's survey, only five states indicated the use of standards. What became apparent from reviewing each state's survey response was the general confusion over what specifically is a performance standard. California indicated it had no performance requirements. However, to qualify for state assistance a transit operator must maintain a specific ratio of operating revenues (farebox) to operating costs. Illinois indicated that it did have a specific performance requirement by requiring RTA to have a 50% farebox recovery ratio and a balanced budget. The state of Indiana felt that their performance-based formula was an indirect imposition of performance standards. Indiana bases the distribution of aid on each system's improved performance in three areas: riders per capita; riders per revenue mile and a ratio of locally derived income to operating expense. Systems are grouped and allocated a fixed amount of dollars. How well each system performs relative to the other systems in their group determines how much aid each system receives.

- Effective in January 1, 1988, Ohio will require each Section 18 recipient to meet specific performance standards in order to continue receiving state assistance. The Ohio DOT will calculate 20 performance ratio for every system and each system will then be evaluated in comparison to its own performance over time, it's type of service groups performance its fleet size group performance. Each systems ratios will be compared to the average performance ratios of its respective group. Each system will be assigned points, and a system receiving less than 50% of the total points possible will be placed on probation for the following quarter. Ohio DOT will temporarily suspend funding for any system placed on probation during three successive quarters.

- Prior to July 1, 1987, the state of Pennsylvania utilized a distribution formula based on financial need and system performance. This methodology provided for both a minimum revenue/expense ratio requirement and a maximum percentage ceiling on transit expense increases. The minimum revenue/expense ratio varied by system size. If the ratio was not met, systems were required to make up the deficiency either by reducing expenses or providing additional local money.

  The maximum expense factor placed a limit on the allowable annual increase in expenses and was based on the aggregate percentage increase in expenses of the applicant in the most recently completed fiscal year compared to the previous year. Systems that had costs in excess of the limit were expected to cover these expenses with additional local funding or reduce expenditures.

  Improvements in transit system performance were rewarded through four different bonus categories: improved revenue per vehicle hour; improved ridership per vehicle hour; reasonable expense increases per vehicle hour and reasonable revenue/expense relationship. All four bonuses were derived by comparing as a system against itself over time. Performing better in any of these categories resulted in a higher state share of the non-federal deficit. The actual state share was typically between 66-2/3% and 75%.

  Pennsylvania's method of distributing aids has been substantially revised as a result of the passage of Senate Bill 516. The new law distributes transit aids under an entitlement system similar to the UMTA formula. Each system is guaranteed a "share of the pot" based on their prior year's share. The link between state assistance and performance standards is eliminated and the local share is fixed at 30%.

4. Farebox Recovery Ratio Required.

As illustrated in Table VII, four states require aid recipients to meet minimum farebox recovery ratios. California requires a specific fare revenues to operating cost ratio be maintained to receive state assistance. Illinois and Maryland require their largest systems (RTA Chicago and Baltimore) to maintain a 50% farebox recovery ratio. Finally, Tennessee requires a minimum fare for all rural transit systems, with fare revenue averaging a minimum of 35¢ per trip.

5. Direct Tie to Federal Funds.

Seven states indicated that their state assistance program was tied directly to the level of federal assistance. Most states used federal funds as a direct offset to the operating deficit. Three states distributed assistance only to those systems which receive federal assistance (West Virginia, Ohio and Maine).

Conclusion

This report again makes apparent the diversity among states in the provision of transit assistance. Thirty states provide some level of operating assistance, with 25 states providing $1 million or more per year. Eight states, including Wisconsin, use one or more transportation-related sources of revenue for transit. In all, 15 states derive transit funding from general funds, eight from transportation funds, six from a combination of both sources and one state from toll revenue. Wisconsin ranks 11th in terms of total operating assistance, 10th in terms of operating assistance per capita and fourth in terms of the percent of operating costs paid by state assistance.

Like the financing of transit programs, there is little uniformity among states in the methods used to distribute state assistance. Based on the WisDOT survey of other states, thirteen states require some form of local match to state assistance, eight tie aids directly to the level of federal funds received, four incorporate performance standards in the distribution of assistance and six require a specific farebox recovery ratio or match. The remaining ten states including the state of Wisconsin, have no specific distribution requirements.

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